



PRESS RELEASE

House Armed Services Committee

Floyd D. Spence, Chairman

FOR IMMEDIATE RELEASE

February 9, 2000

CONTACT: Maureen Cragin

Ryan Vaart

(202) 225-2539

STATEMENT OF CHAIRMAN FLOYD SPENCE FULL COMMITTEE HEARING FY 2001 BUDGET SECRETARY COHEN AND GENERAL SHELTON

I want to welcome Secretary Cohen, General Shelton, Deputy Secretary Hamre and Under Secretary Lynn, and thank all of you for being with us today.

Today the committee continues with its oversight of the fiscal year 2001 defense budget. The good news is that the budget proposal is the best one to come out of the Administration in its eight years in office. The request reflects the first significant real growth in the defense budget in a decade and, at this preliminary stage, does not appear to be built on a foundation of assumed savings, questionable economic assumptions and outlay gimmicks like last year's request. Mr. Secretary, within the executive branch, you deserve much of the credit for getting the Administration to recognize that quality of life, readiness and modernization shortfalls were real, that they had real-world implications and that increased defense spending was necessary.

The bad news is that serious mismatches between strategy, forces and resources are not getting any better. The consequent widespread shortfalls have left a legacy of debilitating quality of life, readiness and modernization problems that the services now confront on a daily basis.

Mr. Secretary, in commenting at least indirectly on those who believe that the nation's military is in a state of decline, you noted in your recent editorial that H. L. Mencken had observed "cynics are those who, when they smell flowers, look for a coffin." As one who believes that our military confronts worsening shortfalls, I would be remiss if I failed to note for the record that Mencken also observed, "the cynics are right nine times out of ten."

In light of these problems, it is unfortunate that the Administration waited until its eighth and last budget request to finally propose a real growth defense budget. When you look back at these past eight years, the Administration's cumulative defense budget requests have fallen more than \$300 billion dollars short of even covering the costs of inflation relative to the fiscal year 1993 defense spending levels it inherited—spending levels that already reflected significant Base Force-related cutbacks. It was not too many years ago that the Administration's requests were so low that the top-line fell short of keeping pace with inflation even after Congress added more than \$10 billion dollars. And it was not too many years ago that the President consistently threatened to veto these congressional top-line increases, arguing as he did, that it was too much money for defense. I am glad that all of us, collectively, have managed to alter the President's perspective on these matters.

Thus, the Administration's fiscal year 2001 defense budget request is certainly better than its predecessors—but I am not sure this is a terribly useful standard. After years of decline, the Administration has dug such a deep

(MORE)

“hole” that it is going to take a decade or more of real growth in defense spending to climb out of it and to catch up. One real growth budget proposal, presented during the Administration’s last year in office, will not make much of a dent in addressing the long-term systemic problems the services now face. And one real growth budget proposal will certainly not solve the shortfalls caused by the Administration’s continued conduct of what has become an aggressive Base Force strategy with a QDR-sized force being paid for out of a Bottom-Up Review budget.

Whether the service’s unfunded requirements are consistent with the approximately \$150 billion identified by the Joint Chiefs more than a year ago, or closer to the \$400-\$500 billion identified by CSIS in their recent “Defense Train Wreck” analysis, we should guard against getting bogged down in a debate over specific numbers. The fundamental point for all of us to recognize, and on which to build consensus, is that the nation is going to need to spend a lot more money than the Administration is requesting, and projecting to spend in the future, in order to maintain even current military capabilities. For instance, despite significant congressional increases to the defense budget last year, the service chiefs testified last October to being at least \$9 billion short this current fiscal year, excluding the unbudgeted costs of Kosovo operations. Few, if any, of these shortfalls are addressed in the Fiscal Year 2000 supplemental submitted with the budget request. I do not see an end to this level of short-term, operationally-related annual shortfalls in the years ahead.

And whatever the level of annual operational shortfalls, I believe that annual modernization shortfalls will be significantly greater. In this regard, it is important to note that while the Administration’s Fiscal Year 2001 procurement request has been advertised as finally reaching the \$60 billion dollar target, it was only with the help of some new accounting such as the inclusion of submarine overhaul funds in the procurement accounts for the first time. More troubling, perhaps, than the specific figure, is the fact that the fiscal year 2001 procurement request reflects at least the sixth consecutive year that acquisition programs have been cut in order to pay shorter-term bills. Even with the inclusion of submarine overhaul funding, this year’s \$60.3 billion dollar procurement request is \$1.5 billion dollars below what the Administration projected the request would be at this time last year. This is hard to comprehend in an overall defense budget characterized by spending growth.

There were many who criticized President Reagan’s defense build-up of the early 1980s. Yet the very force that resulted from this build-up is the one being worn out as a result of extensive operational deployments and inadequate resourcing. As former Secretary of Defense Schlesinger indicated yesterday, our military continues to live off the “capital” of the late Cold War. Modernizing and maintaining even today’s smaller QDR force, following on the heels of the past decade of declining budgets, is going to take the kind of sustained commitment and investment in the years ahead that we saw in the early 1980s. Some may argue that the nation cannot afford such an investment. I disagree. What the nation cannot afford is another decade, like the last, of declining defense budgets and shrinking forces if we want to remain a superpower able to promote and protect our global interests.

###